

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: October 10, 2018

PAYROLL LETTER #18-011
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Marissa Revelino, Chief
Personnel/Payroll Services Division

RE: REVISED: OVERTIME COMPENSATION – CASH IN LIEU OF BENEFITS

In accordance with the [Human Resources Manual Section 1713](#) effective July 1, 2018, the cash amount paid in-lieu-of health and/or dental benefits, dental incentives, and the excess cash received under the Consolidated Benefits (CoBen) allowance program must be included in an employee's regular rate of pay for overtime purposes.

Employees who receive cash in-lieu-of benefits, dental incentives, or excess cash under CoBen can be identified by the following deduction codes:

Deduction Code	Earnings Statement Abbreviation	Deduction Description	Specific To
354-001	OTHER	CalHR flex Benefits Cash Option	Flex
354-005	*DEN OFFSET	CAHP Dental Incentive Offset	Flex
354-010	*BENEFITAMT	Benefit Allowance	Consolidated Benefits
354-020	COBEN CASH	Consolidated Benefits Cash Option or Consolidated Benefits Cash Excess	Consolidated Benefits

SPECIAL PROCESSING INSTRUCTIONS

To determine the overtime hourly rate, first sum the employee's based on salary rate (PAR Item 320), plus salary rate, locked-in shift rate, pay differential rates (indicated to be included in overtime rate), cash in lieu of benefits, dental incentives, and excess cash received under the CoBen allowance program. Then divide the sum by 173.33 average hours in a month* and multiplied by the OT factor (0.5, 1.0, 1.5).

* Use the appropriate average number of hours in a month for employees who are an exception to the 173.33 average hours per month rule (e.g., bargaining unit 6 employees working a 7K schedule, bargaining unit 3 teachers working an academic schedule).

Example 1: An employee who has a based on salary rate of \$3,550.00 plus receives a \$100.00 pay differential (included in overtime) and receive \$140.00 flex cash.

The overtime rate of the payment would be computed as follows:

\$3,550.00 based on salary
 \$100.00 pay differential
\$140.00 flex cash
 \$3,790.00 Total salary
 $3,790.00/173.33 = \$21.87$ hourly salary rate x OT factor

Example 2: An employee who has a based on salary rate of \$3,550.00, plus receives a \$130.00 locked in night shift differential and receives \$626.00 CoBen allowance and the benefit premiums total \$499.02; there is an excess cash allowance of \$126.98.

The overtime rate of the payment would be computed as follows:

\$3,550.00 based on salary
 \$130.00 night shift differential
\$126.98 excess cash allowance
 \$3,806.98 total salary
 $3,806.98/173.33 = \$21.96$ hourly salary rate x OT factor

PAYMENT REQUEST

Submit all payment requests via the Payroll Input Process (PIP) System. Use form STD. 671, Miscellaneous Payroll/Leave Actions, to document the information to enter into the PIP System and keep forms for department records.

Use the chart below to determine the Earnings ID to request payment. Refer to Sections G and K in the Payroll Procedures Manual (PPM) for form completion and keying instructions -

http://www.sco.ca.gov/ppsd_ppm.html.

FLSA Definitions	OT Factors and Shift Diff. Codes					Use Earnings ID	When Payroll condition is to:	Hourly rate and WWG Information
	0.5	1.0	1.5	G+E or R	H+N or S			
Overtime Compensation (Cash in Lieu of Benefits)	x					OF	Include the cash amount paid in lieu of health and/or dental benefits and the excess cash receive under the CoBen allowance program	Hourly rate is manually calculated and entered on the PIP. WWG 2 is generated for Civil Service and CSU employees regardless of the WWG shown on the Civil Service Pay Scales or the CSU Salary Schedule.
		x				OF5		
			x			OF6		
	x			x		OFE		
		x		x		OF5E		
			x	x		OF6E		
	x				x	OFN		
		x		x		OF5N		
			x	x		OF6N		

Updates to the PPM, Section G 020 are forthcoming.

Please direct questions concerning the overtime rate changes as follows:

<u>SUBJECT AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Personnel Services Branch CalHR	(916) 323-3343
General Payroll Procedures Disability Payroll Procedures Employment History Procedures	Customer Contact Center SCO	(916) 372-7200

MR:AFB:PMAB